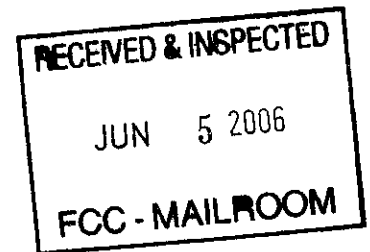


HENKELS & McCOY, INC.  
985 JOLLY ROAD  
BLUE BELL, PENNSYLVANIA 19422-0900

CHRISTINE ANN CRAWFORD  
VICE PRESIDENT  
GENERAL COUNSEL AND SECRETARY  
e-mail: ccrawford@henkels.com



Via Fax 202-418-0187  
And United States Postal Service Express Mail

May 31, 2006

Federal Communications Commission ("FCC")  
Office of the Secretary  
445 12<sup>th</sup> Street, N.W.  
Washington, D.C. 20554

RE: REQUEST FOR REVIEW  
CC Docket No. 02-6  
Schools & Library Division ("SLD")  
Universal Service Administrative Company ("USAC")

BILLED ENTITY: Little Rock School District, Arkansas

471 Application Number: 341105  
Funding Request Number(s): 1030299, 1030669, 1030699  
SLD/USAC Correspondence Dated: April 06, 2006

Dear FCC Reviewing/Hearing Officer:

Henkels & McCoy, Inc. ("H&M") is a service provider under RFP 23-015 for the installation of video PBX systems at several schools of the Little Rock School District ("LRSD") in Arkansas.

Please consider this letter and its enclosures as our Letter of Appeal to the decision by the SLD/USAC dated April 6, 2006. (This decision is attached for your convenience as Exhibit "A").

This Letter of Appeal is related to our pending Letter of Appeal to the FCC, dated November 29, 2005, on the same invoices (see Exhibit "B"). In the pending Letter of Appeal, \$178,283.23 was deducted from the amounts billed by H&M for the services and equipment provided to LRSD.

No. of Copies rec'd \_\_\_\_\_  
List ABCDE \_\_\_\_\_

This matter arises from the Notification of Commitment Adjustment Letter for Funding Year 2003, dated October 25, 2005 (see Exhibit "C"). It is the position of H&M and supported by the school district in question that no violation of program rules has taken place and no funds, as alleged, were committed and paid to H&M in violation of program rules.

The following are enclosed as background and supportive documentation and are incorporated by reference to this Letter of Appeal:

- Exhibit "A"; the April 6, 2006 Administrator's Decision on Appeal - Funding year 2003-2004 from the USAC.
- Exhibit "B"; the November 29, 2005 Request for Review to the FCC regarding the same invoices related to this Letter of Appeal.
- Exhibit "C"; the October 25, 2005 Notification of Commitment Adjustment Letter from the SLD/USAC in which the USAC gave notice of a review for funding errors.
- Exhibit "D"; the May 18, 2004 Funding Commitment Decision Letter from the USAC.
- Exhibit "E"; the November 17, 2005 letter from the Little Rock School District in support of our appeal to the FCC.
- Exhibit "F"; the original December 22, 2005 Letter of Appeal to the SLD/USAC which was denied by the April 6, 2006 letter and on which this Letter of Appeal to the FCC is based.

SUMMARY OF THIS APPEAL:

As to all of the above-referenced FRN Invoice Numbers, the SLD/USAC held that the commitment adjustments equal an amount in excess of \$66,305.00.

The SLD/USAC held that this reduction was justified because: 1) end user training is ineligible; 2) the software is for workstations and the function is content

management which is ineligible; and 3) equipment used for transmission or receipt of broadcast is ineligible.

H&M maintains that the SLD/USAC's decision was in error as it is not factually supported.

WHY SLD/USAC DECISION IS NOT FACTUALLY SUPPORTED:

With respect to each of the subject invoices, an E-Rate Funding Commitment Decision Letter dated May 18, 2004 was issued (Funding Year 2003).<sup>1</sup> Except in one case, no amounts differed by more than \$2,000.00 LESS than the H&M Item 21 submitted amount.

All of the indicated items were either previously discounted or the items were previously eligible items for the 2003 Funding Year.

The LRSD supports H&M's position. The LRSD maintains that "[t]he products and services identified for denial are all eligible products and services for Funding Year 2003-2004. Each eligible product and service is associated with the E-rate qualification on the Item 21 attachment for this application as well as the vendor notice."<sup>2</sup>

THE INEQUITY OF THE IMPACT TO H&M:

The total of the discounts from the aforementioned May 18, 2004 Funding Commitment Decision Letter (which matter is currently the subject of the other Appeal pending before the FCC) is \$178,362.20.

Coupled with this additional \$66,305.00 that SLD/USAC believes is another necessary discount, H&M now finds itself in a position to forgo an amount in excess of \$244,667.00 for H&M's services and equipment which were provided in reliance on the original Funding Commitment Decision Letter.

---

<sup>1</sup> See Exhibit "D".

<sup>2</sup> See LRSD letter dated November 17, 2005 to the FCC attached hereto as Exhibit "E".

THE INEQUITY OF THE IMPACT TO THE LITTLE ROCK SCHOOL DISTRICT:

As to the other entity which will be impacted by this incorrect decision, H&M points to the LRSD. Should the FCC not reverse the SLD/USAC decision, H&M shall pursue all legal remedies available against the LRSD.

Indeed, LRSD believes that this decision by the SLD/USAC to not honor the Funding Commitment Decision Letter ("FCDL") issued May 18, 2004 will negatively impact the LRSD's students.<sup>3</sup> In the school's support of our Appeal, LRSD writes that it "viewed the receipt of the FCDL as a 'green light' to begin the project...we had no reason to think we would be responsible for any other funds other than what was indicated in the FCDL. This begs the question, when is a FCDL truly a FCDL?"<sup>4</sup>

In summary, H&M respectfully asks the FCC to reverse the SLD/USAC Administrator's Decision on Invoice Appeal dated April 6, 2006 as the decision was not factually based.

Please contact me at 215.283.7931 or [ccrawford@henkels.com](mailto:ccrawford@henkels.com) if I could be of assistance to you in deciding this very important matter.

Respectfully submitted,

  
Christine Ann Crawford

Enclosures as stated

---

<sup>3</sup> See Exhibit "E", inter alia, "the intent of this letter is to show the negative impact to LRSD students..." and, "If the SLD decision is not reversed, LRSD will have to make payment to H&M from funds intended for other scheduled technology projects and upgrades that directly impact LRSD students."

<sup>4</sup> See Exhibit "E", page two.

## **Exhibit "A"**

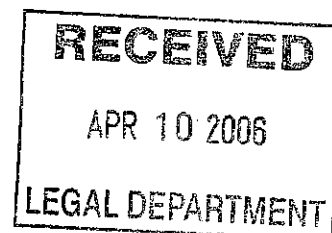


Universal Service Administrative Company  
Schools & Libraries Division

### Administrator's Decision on Appeal – Funding Year 2003-2004

April 06, 2006

Armin G. Seifart  
Henkels & McCoy, Inc.  
985 Jolly Road  
P.O. Box 950  
Blue Bell, PA 19422-0900



Re: Applicant Name: LITTLE ROCK SCHOOL DISTRICT  
Billed Entity Number: 139544  
Form 471 Application Number: 341105  
Funding Request Number(s): 1030299, 1030354, 1030669, 1030699  
Your Correspondence Dated: December 22, 2005

After thorough review and investigation of all relevant facts, the Schools and Libraries Division (SLD) of the Universal Service Administrative Company (USAC) has made its decision in regard to your appeal of SLD's Funding Year 2003 Commitment Adjustment Letter for the Application Number indicated above. This letter explains the basis of SLD's decision. The date of this letter begins the 60-day time period for appealing this decision to the Federal Communications Commission (FCC). If your Letter of Appeal included more than one Application Number, please note that you will receive a separate letter for each application.

Funding Request Number(s): 1030299  
Decision on Appeal: **Denied**  
Explanation:

- On appeal, you request the SLD to reverse its decision to rescind funding for what is thought to be ineligible products and services delivered to Little Rock School District. You believe the cause of the reductions to the invoices may be due to the words used to describe certain items which may not appear to be eligible products. You provide clarification of the terms De-Modulator-CATV Tuners, Install Classroom Software and Configure, and Head End Training. In closing, you request an opportunity to review the reasons for the deductions and to resubmit invoices with legitimate corrections as allowed by additional documentation, language corrections or inspections if necessary.

- After a thorough review of the appeal and all relevant supporting documentation, it has been determined that on February 1, 2005 the service provider was requested to provide information regarding software and training. On February 2, 2005, the service provider responded that the training was for the librarians and teachers. This is considered end user training and is ineligible. The service provider also stated the software will be installed on all teacher work stations to access and control the Safari multimedia retrieval system. This software is for workstations and the function is content management, which is not eligible. In addition, equipment used for the transmission or receipt of broadcast and cable services is ineligible, therefore, the CATV tuner is not eligible for funding. FCC rules provide that funding may be approved for eligible products and/or services only, therefore, the commitment will be reduced by the post discount amount of \$32,230.47. Consequently, your appeal is denied. Your Form 471 application included costs for the following ineligible products: Emerson CATV Tuner, Training, Install Classroom software and configure, Install Power Strips, Install Emerson CATV Tuner, related shipping for ineligibles and power strips, and related tax for ineligibles and power strips. FCC rules provide that funding may be approved only for eligible products/services 47 C.F.R. sections 54.502, 54.503. The USAC web site contains a list of eligible products/services. See the web site, <http://www.universalservice.org/sl/about/eligible-services-list.aspx> for the Eligible Services List. It has not been determined through our review of your appeal that the amount of the request that we sought recovery was for eligible items.

Funding Request Number(s): 1030354

Decision on Appeal: **Denied**

Explanation:

- On appeal, you request the SLD to reverse its decision to rescind funding for what is thought to be ineligible products and services delivered to Little Rock School District. You believe the cause of the reductions to the invoices may be due to the words used to describe certain items which may not appear to be eligible products. You provide clarification of the terms De-Modulator-CATV Tuners, Install Classroom Software and Configure, and Head End Training. In closing, you request an opportunity to review the reasons for the deductions and to resubmit invoices with legitimate corrections as allowed by additional documentation, language corrections or inspections if necessary.
- After a thorough review of the appeal and all relevant supporting documentation, it has been determined that on February 1, 2005 the service provider was requested to provide information regarding software and training. On February 2, 2005, the service provider responded that the training was for the librarians and teachers. This is considered end user training and is ineligible. The service provider also stated the software will be installed on all teacher work stations to access and control the Safari multimedia retrieval system. This software is for workstations and the function is content management, which is not eligible. In addition, equipment used for the transmission or receipt of broadcast and cable services is ineligible, therefore, the CATV tuner is not eligible for funding. FCC rules provide that funding may be approved for eligible products and/or services

only, therefore, the commitment will be reduced by the post discount amount of \$22,645.47. Consequently, your appeal is denied. Your Form 471 application included costs for the following ineligible products: Emerson CATV Tuner, Training, Install Classroom software and configure, Install Power Strips, Install Emerson CATV Tuner, related shipping for ineligibles and power strips, and related tax for ineligibles and power strips. FCC rules provide that funding may be approved only for eligible products/services 47 C.F.R. sections 54.502, 54.503. The USAC web site contains a list of eligible products/services. See the web site, <http://www.universalservice.org/sl/about/eligible-services-list.aspx> for the Eligible Services List. It has not been determined through our review of your appeal that the amount of the request that we sought recovery was for eligible items.

Funding Request Number(s): 1030669

Decision on Appeal: **Denied**

Explanation:

- On appeal, you request the SLD to reverse its decision to rescind funding for what is thought to be ineligible products and services delivered to Little Rock School District. You believe the cause of the reductions to the invoices may be due to the words used to describe certain items which may not appear to be eligible products. You provide clarification of the terms De-Modulator-CATV Tuners, Install Classroom Software and Configure, and Head End Training. In closing, you request an opportunity to review the reasons for the deductions and to resubmit invoices with legitimate corrections as allowed by additional documentation, language corrections or inspections if necessary.
- After a thorough review of the appeal and all relevant supporting documentation, it has been determined that on February 1, 2005 the service provider was requested to provide information regarding software and training. On February 2, 2005, the service provider responded that the training was for the librarians and teachers. This is considered end user training and is ineligible. The service provider also stated the software will be installed on all teacher work stations to access and control the Safari multimedia retrieval system. This software is for workstations and the function is content management, which is not eligible. In addition, equipment used for the transmission or receipt of broadcast and cable services is ineligible, therefore, the CATV tuner is not eligible for funding. FCC rules provide that funding may be approved for eligible products and/or services only, therefore, the commitment will be reduced by the post discount amount of \$30,952.47. Consequently, your appeal is denied. Your Form 471 application included costs for the following ineligible products: Emerson CATV Tuner, Training, Install Classroom software and configure, Install Power Strips, Install Emerson CATV Tuner, related shipping for ineligibles and power strips, and related tax for ineligibles and power strips. FCC rules provide that funding may be approved only for eligible products/services 47 C.F.R. sections 54.502, 54.503. The USAC web site contains a list of eligible products/services. See the web site, <http://www.universalservice.org/sl/about/eligible-services-list.aspx> for the Eligible Services List. It has not been determined through our review of your



appeal that the amount of the request that we sought recovery was for eligible items.

Funding Request Number(s): 1030699

Decision on Appeal: **Denied**

Explanation:

- On appeal, you request the SLD to reverse its decision to rescind funding for what is thought to be ineligible products and services delivered to Little Rock School District. You believe the cause of the reductions to the invoices may be due to the words used to describe certain items which may not appear to be eligible products. You provide clarification of the terms De-Modulator-CATV Tuners, Install Classroom Software and Configure, and Head End Training. In closing, you request an opportunity to review the reasons for the deductions and to resubmit invoices with legitimate corrections as allowed by additional documentation, language corrections or inspections if necessary.
- After a thorough review of the appeal and all relevant supporting documentation, it has been determined that on February 1, 2005 the service provider was requested to provide information regarding software and training. On February 2, 2005, the service provider responded that the training was for the librarians and teachers. This is considered end user training and is ineligible. The service provider also stated the software will be installed on all teacher work stations to access and control the Safari multimedia retrieval system. This software is for workstations and the function is content management, which is not eligible. In addition, equipment used for the transmission or receipt of broadcast and cable services is ineligible, therefore, the CATV tuner is not eligible for funding. FCC rules provide that funding may be approved for eligible products and/or services only, therefore, the commitment will be reduced by the post discount amount of \$29,035.47. Consequently, your appeal is denied. Your Form 471 application included costs for the following ineligible products: Emerson CATV Tuner, Training, Install Classroom software and configure, Install Power Strips, Install Emerson CATV Tuner, related shipping for ineligibles and power strips, and related tax for ineligibles and power strips. FCC rules provide that funding may be approved only for eligible products/services 47 C.F.R. sections 54.502, 54.503. The USAC web site contains a list of eligible products/services. See the web site, <http://www.universalservice.org/sl/about/eligible-services-list.aspx> for the Eligible Services List. It has not been determined through our review of your appeal that the amount of the request that we sought recovery was for eligible items.

If your appeal has been approved, but funding has been reduced or denied, you may appeal these decisions to either the SLD or the FCC. For appeals that have been denied in full, partially approved, dismissed, or canceled, you may file an appeal with the FCC. You should refer to CC Docket No. 02-6 on the first page of your appeal to the FCC. Your appeal must be received or postmarked within 60 days of the date on this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. If you are submitting your appeal via United States Postal Service, send to: FCC, Office of the Secretary, 445 12th Street SW, Washington, DC 20554. Further information and options

for filing an appeal directly with the FCC can be found in the "Appeals Procedure" posted in the Reference Area of the SLD web site or by contacting the Client Service Bureau. We strongly recommend that you use the electronic filing options.

We thank you for your continued support, patience and cooperation during the appeal process.

Schools and Libraries Division  
Universal Service Administrative Company

cc: Lucy Neal

## **Exhibit "B"**

**VIA FAX 202-418-0187**  
**AND USPS EXPRESS MAIL**

*Direct Line: 215-283-7714*  
*aseifart@henkels.com*

November 29, 2005

**FEDERAL COMMUNICATIONS COMMISSION (FCC)**  
**Office of the Secretary**  
**445 12<sup>th</sup> Street, SW**  
**Washington, DC 20554**

**RE: REQUEST FOR REVIEW**  
**CC Docket No. 02-6**

**Schools & Libraries Division (SLD)**  
**Universal Service Administrative Company (USAC)**

**Billed Entity:** Little Rock School District (LRSD)  
**471 Application Number:** 341105  
**FRN Invoice Numbers:** 1030699, 1030354, 1030299, 1030525,  
1030669 and 1030636  
**Vendor SPIN Number:** 143008784

Dear FCC Reviewing/Hearing Officer:

Henkels & McCoy, Inc. (H&M) is a service provider under RFP 23-015, for the installation of video PBX systems, at several schools of the LRSD. H&M hereby files a Request for Review of the decision of the SLD/USAC dated September 30, 2005 that "Denied in Full" H&M's appeal of the reduction/denial of H&M's invoices specified above (See Exhibit A). H&M's original Appeal to the SLD/USAC was dated May 20, 2005 (See Exhibit B, without attachments). The stated reason for such denial by the USAC Decision was that our "Form 474 included costs for ineligible products and/or services: Emerson CATV Tuner, Installation of Classroom File Commander and Remote Desktop Software, Power Strips, Little Rock Tax, and End-User Training on Head End that is not directly related to the installation of eligible products." After further examination of the specified invoices and the above denial explanation, the basis for such decision is unclear to us and the calculation of the reduced payment amounts do not coincide with the line items that are deemed to be ineligible. This Request for Review seeks a further explanation and accounting of the method used for determining the reductions in H&M's invoices, in the total amount of \$178,283.23, and

furthermore, 100% payment for all eligible items as indicated in the Funding Commitment Decision Letters referenced below.

In some cases, we believe a discrepancy may exist solely due to the words used to describe certain items, which possibly, in a cursory examination may not appear to be an eligible product. We believe that if given an opportunity to understand the specific products or line items that are in question, we would be able to provide valid eligible product descriptive names that are consistent with the FCC rules and the Eligible Services List. For example: terms used by H&M such as "De-Modulator- CATV Tuners" is a product being utilized to distribute one signal to the classroom for educational purposes, and does not display multiple channels, but rather one preset educational channel to multiple classrooms; "Install Classroom Software and Configure" is considered operational software and a core component of the Safari System which allows system control and only e-rateable items are installed, such as the Safari DMC, which is a media convertor; "Head-End Training" is the basic technical training provided to Media Specialists, IT Director and other Network Personnel who will maintain the system functions, operating procedures and upkeep. All of the above are eligible items that should be compensated as provided under the SLD/USAC program rules if installed or performed at the LRSD.

The invoices in question are the following: FRN 1030699 (Brady), FRN 1030354 (Fair Park), FRN 1030299 (Franklin), FRN 1030525 (Rockefeller), FRN 1030669 (Watson) and FRN 1030636 (Wakefield). A breakdown of the subject invoices and the amount of the discrepancies between the invoiced amount and the amount paid by the USAC/SLD is found below in Table 1:

Table 1

FRN	SLD Inv Number	Date Paid	Amount Requested	Amount Approved	Amount Paid	Difference
1030699	535884	May 5, 2005	\$167,986.03	\$167,528.86	\$158,666.55	\$8,862.31
1030354	527374	May 5, 2005	\$146,601.91	\$146,144.75	\$144,954.02	\$1,190.73
1030299	535639	May 5, 2005	\$181,993.49	\$181,536.33	\$172,674.02	\$8,862.31
1030525	501242	March 16, 2005	\$186,984.78	\$186,578.42	\$150,928.85	\$35,649.57
1030636	501903	Feb. 21, 2005	\$224,017.86	\$188,311.05	\$94,155.52	\$94,155.53
1030669	493120	Feb. 21, 2005	\$177,959.75	\$177,502.58	\$147,939.80	\$29,562.78
Total			\$1,085,543.82	\$1,047,601.99	\$869,318.76	\$178,283.23

With respect to each of the subject invoices an E-Rate Funding Commitment Decision Letter was issued, dated May 18, 2004, for funding year 2003 (See Funding Commitment Letter attached as Exhibit C). With respect to invoice FRN 1030636 a

Federal Communications Commission

November 29, 2005

Page 3

revised Funding Commitment Decision Letter was issued and is dated November 8, 2004 (See Revised Funding Commitment Letter attached as Exhibit D). H&M performed the approved work relying on the amounts approved by the SLD/USAC in the Funding Commitment Letters and invoiced the SLD/USAC in a timely manner for all completed and eligible equipment, materials and services.

On May 9, 2005 H&M received ACH payments for invoices and FRN's 1030699, 1030354, 1030299, for amounts less than the approved Funding Commitment Decision Letter amount. No explanation was provided with the payment or notice received reciting the reason for such deductions. On March 16, 2005 H&M received a check for invoice FRN 1030525, which was substantially less than the approved Funding Commitment Decision Letter amount. No explanation was provided with the payment or notice received reciting the reason for such deduction. On February 21, 2005 H&M received checks for invoices FRN 1030636 and FRN 1030669, for amounts substantially less than the approved Funding Commitment Decision Letter amount. Again, no explanation was provided with the payment or notice received reciting the reason for such deductions. In the case of invoice FRN 1030636, the amount paid was exactly 50% less than the submitted and approved amount, but no explanation was received for such deduction.

H&M in good faith performed work from the eligible product and services lists provided for the 2003 funding year under the SLD/USAC programs. H&M respectfully requests an opportunity to review the reasons for such large deductions, and in addition, the opportunity to resubmit such invoices with legitimate corrections as allowed and substantiated by additional documentation, language corrections or inspections if necessary. The LRSD currently has use of and is benefiting from the full value of the H&M work completed to date, and H&M is entitled to receive full payment for eligible equipment, materials or services. The LRSD has submitted a letter, signed by its Chief Financial Officer, in support of this Request for Review and a copy is attached for your review (See Exhibit E).

In addition, for your information, and indicative of the confusion and lack of clarity of issues on eligible products and their definitions, H&M and the LRSD received a Notification of Commitment Adjustment Letter from the SLD/USAC, dated October 25, 2005 which now requests refunds (of approximately \$66,305.00) by H&M for already disbursed amounts and relating to items on four of the subject invoices (#'s 1030299, 1030354, 1030669 and 1030699) (See Exhibit F). The Notification of Commitment Adjustment Letter will be appealed in a timely manner in a separate document to the SLD/USAC, but deserves mention here as it relates directly to the reasons that merit this Request for Review, and increases the potential loss to H&M to approximately

\$244,588.00 on services and products that were provided in good faith, and in accordance with the Funding Commitment Decision Letters of the SLD/USAC and ultimately the FCC.

Federal Communications Commission

November 29, 2005

Page 4

We believe that the products and services provided by H&M were eligible products under the SLD's E-Rate Program. H&M should be afforded the opportunity to verify and/or clarify any product or service definitions so they can be consistently applied. Additionally, H&M should receive full compensation for its services as permitted and expected under the approved SLD/USAC Funding Commitment Letters.

Please contact me at 215-283-7714 or [aseifart@henkels.com](mailto:aseifart@henkels.com) to discuss these issues further. We appreciate your attention to these important matters.

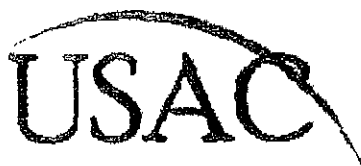
Very truly yours,

Armin G. Seifart  
Corporate Counsel

CC: Lucy Neal (LRSD)

## **Exhibit "C"**





**Universal Service Administrative Company**  
**Schools & Libraries Division**

---

**Notification of Commitment Adjustment Letter**  
**Funding Year 2003: 7/01/2003 - 6/30/2004**

October 25, 2005

**Al Hussey**  
**Henkels & McCoy Inc.**  
**515 Huffines Blvd**  
**Lewisville, TX 75056 1306**

**Re: SPIN:** 143008784  
**Form 471 Application Number:** 341105  
**Funding Year:** 2003  
**FCC Registration Number**  
**Applicant Name:** LITTLE ROCK SCHOOL DISTRICT  
**Billed Entity Number:** 139544  
**Applicant Contact Person:** LUCY NEAL

Our routine review of Schools and Libraries Program funding commitments has revealed certain applications where funds were committed in violation of program rules.

In order to be sure that no funds are used in violation of program rules, the Schools and Libraries Division (SLD) of the Universal Service Administrative Company (USAC) must now adjust the overall funding commitment. The purpose of this letter is to make the adjustments to the funding commitment required by program rules, and to give you an opportunity to appeal this decision. USAC has determined the service provider is responsible for all or some of the program rule violations. Therefore, the service provider is responsible to repay all or some of the funds disbursed in error (if any).

This is NOT a bill. If recovery of disbursed funds is required, the next step in the recovery process is for SLD to issue you a Demand Payment Letter. The balance of the debt will be due within 30 days of the Demand Payment Letter. Failure to pay the debt within 30 days from the date of the Demand Payment Letter could result in interest, late payment fees, administrative charges and implementation of the "Red Light Rule." Please see the "Informational Notice to All Universal Service Fund Contributors, Beneficiaries, and Service Providers" at [www.universalservice.org/new/2004.asp#083104](http://www.universalservice.org/new/2004.asp#083104) for more information regarding the consequences of not paying the debt in a timely manner.

## TO APPEAL THIS DECISION:

If you wish to appeal the Commitment Adjustment Decision indicated in this letter, your appeal must be received or postmarked within 60 days of the date of this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. In your letter of appeal:

1. Include the name, address, telephone number, fax number, and e-mail address (if available) for the person who can most readily discuss this appeal with us.
2. State outright that your letter is an appeal. Identify the date of the Notification of Commitment Adjustment Letter and the Funding Request Numbers you are appealing. Your letter of appeal must include the Billed Entity Name, the Form 471 Application Number, Billed Entity Number, and the FCC Registration Number (FCC RN) from the top of your letter.
3. When explaining your appeal, copy the language or text from the Notification of Commitment Adjustment Letter that is the subject of your appeal to allow the SLD to more readily understand your appeal and respond appropriately. Please keep your letter specific and brief, and provide documentation to support your appeal. Be sure to keep copies of your correspondence and documentation.
4. Provide an authorized signature on your letter of appeal.

If you are submitting your appeal electronically, please send your appeal to [appeals@sl.universalservice.org](mailto:appeals@sl.universalservice.org) using your organization's e-mail. If you are submitting your appeal on paper, please send your appeal to: Letter of Appeal, Schools and Libraries Division, Box 125- Correspondence Unit, 80 South Jefferson Road, Whippany, NJ 07981. Additional options for filing an appeal can be found in the "Appeals Procedure" posted in the Reference Area of the SLD section of the USAC web site or by contacting the Client Service Bureau at 1-888-203-8100. We strongly recommend that you use the electronic appeals option.

While we encourage you to resolve your appeal with the SLD first, you have the option of filing an appeal directly with the Federal Communications Commission (FCC). You should refer to CC Docket Nos. on the first page of your appeal to the FCC. Your appeal must be received or postmarked within 60 days of the date of this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. If you are submitting your appeal via United States Postal Service, send to: FCC, Office of the Secretary, 445 12th Street SW, Washington, DC 20554. Further information and options for filing an appeal directly with the FCC can be found in the "Appeals Procedure" posted in the Reference Area of the SLD web site, or by contacting the Client Service Bureau. We strongly recommend that you use the electronic filing options

## FUNDING COMMITMENT ADJUSTMENT REPORT

On the pages following this letter, we have provided a Funding Commitment Adjustment Report (Report) for the Form 471 application cited above. The enclosed Report includes the Funding Request Number(s) from the application for which adjustments are necessary. Immediately preceding the Report, you will find a guide that defines each line of the Report.

The SLD is also sending this information to the applicant for informational purposes. If USAC has determined the applicant is also responsible for any rule violation on these Funding Request Numbers, a separate letter will be sent to the applicant detailing the necessary applicant action.

Please note that if the Funds Disbursed to Date amount is less than the Adjusted Funding Commitment amount, USAC will continue to process properly filed invoices up to the Adjusted Funding Commitment amount. Please note the Funding Commitment Adjustment Explanation in the attached Report. It explains why the funding commitment is being reduced. Please ensure that any invoices that you or the applicant submit to USAC are consistent with program rules as indicated in the Funding Commitment Adjustment Explanation. If the Funds Disbursed to Date amount exceeds the Adjusted Funding Commitment amount, USAC will have to recover some or all of the disbursed funds. The Report explains the exact amount (if any) the service provider is responsible for repaying.

Schools and Libraries Division  
Universal Services Administrative Company

cc: LUCY NEAL  
LITTLE ROCK SCHOOL DISTRICT

## A GUIDE TO THE FUNDING COMMITMENT ADJUSTMENT REPORT

Attached to this letter will be a report for each funding request from your application for which a commitment adjustment is required. We are providing the following definitions.

**FUNDING REQUEST NUMBER (FRN):** A Funding Request Number is assigned by the SLD to each individual request in your Form 471 once an application has been processed. This number is used to report to applicants and service providers the status of individual discount funding requests submitted on a Form 471.

**CONTRACT NUMBER:** The number of the contract between the applicant and the service provider. This will be present only if a contract number was provided on Form 471.

**SERVICES ORDERED:** The type of service ordered by applicant, as shown on Form 471.

**BILLING ACCOUNT NUMBER:** The account number that you have established with your customer for billing purposes. This will be present only if a Billing Account Number was provided on the Form 471.

**ORIGINAL FUNDING COMMITMENT:** This represents the original amount of funding that SLD had reserved to reimburse for the approved discounts for this service for this funding year.

**COMMITMENT ADJUSTMENT AMOUNT:** This represents the amount of funding that SLD has rescinded because of program rule violations.

**ADJUSTED FUNDING COMMITMENT:** This represents the adjusted total amount of funding that SLD has reserved to reimburse for the approved discounts for this service for this funding year. If this amount exceeds the Funds Disbursed to Date, the SLD will continue to process properly filed invoices up to the new commitment amount.

**FUNDS DISBURSED TO DATE:** This represents the total funds that have been disbursed for this FRN as of the date of this letter.

**FUNDS TO BE RECOVERED FROM SERVICE PROVIDER:** This represents the amount of Improperly Funds Disbursed to Date for which the service provider has been determined to be primarily responsible. These improperly disbursed funds will have to be recovered from you, the service provider.

**FUNDING COMMITMENT ADJUSTMENT EXPLANATION:** This entry provides an explanation of the reason the adjustment was made.

**Funding Commitment Adjustment Report**  
**Form 471 Application Number: 341105**

---

Funding Request Number:	1030299
Contract Number:	RFP 23--015
Services Ordered:	INTERNAL CONNECTIONS
Billing Account Number:	12765--3781
Original Funding Commitment:	\$181,536.33
Commitment Adjustment Amount:	\$32,230.47
Adjusted Funding Commitment:	\$149,305.86
Funds Disbursed to Date:	\$172,674.02
Funds to be Recovered from Service Provider:	\$23,368.16

**Funding Commitment Adjustment Explanation:**

After a thorough review, it was determined that the funding commitment for this request must be reduced by \$32,230.47. During the course of review it was determined that funding was provided for the following ineligible items: Emerson CATV Tuner, Training, Install Classroom software and configure, Install Power Strips, Install Emerson CATV Tuner, related shipping for ineligibles and power strips, and related tax for ineligibles and power strips. The pre-discount cost associated with these items is \$1,007.44, \$10,895.52, \$23,430.00, \$59.40, \$316.88, \$23.52, and \$78.87, respectively, for a total ineligible amount of \$35,811.63. At the applicant's 90 percent discount rate this resulted in an improper commitment of \$32,230.47. FCC rules provide that funding may be approved only for eligible products and/or services. The USAC web site contains a list of eligible products and/or services. See the web site, [www.sl.universalservice.org](http://www.sl.universalservice.org), Eligible Services List. On the SPAC Form, the authorized person certifies at Item 10 that the service provider has billed its customer for services deemed eligible for support. Therefore, SLD has determined that the service provider is responsible for this rule violation. Accordingly, the commitment has been reduced by \$32,230.47 and if the recovery of improperly disbursed funds is required the SLD will seek recovery from the service provider.

**PLEASE SEND A COPY OF THIS PAGE WITH YOUR  
CHECK TO ENSURE TIMELY PROCESSING**

---

Funding Request Number:	1030354
Contract Number:	RFP 23--015
Services Ordered:	INTERNAL CONNECTIONS
Billing Account Number:	12765--3781
Original Funding Commitment:	\$146,144.75
Commitment Adjustment Amount:	\$22,645.47
Adjusted Funding Commitment:	\$123,499.28
Funds Disbursed to Date:	\$144,954.02
Funds to be Recovered from Service Provider:	\$21,454.74
Funding Commitment Adjustment Explanation:	

After a thorough review, it was determined that the funding commitment for this request must be reduced by \$22,645.47. During the course of review it was determined that funding was provided for the following ineligible items: Emerson CATV Tuner, Training, Install Classroom software and configure, Install Power Strips, Install Emerson CATV Tuner, related shipping for ineligibles and power strips, and related tax for ineligibles and power strips. The pre-discount cost associated with these items is \$1,007.44, \$10,895.52, \$12,780.00, \$59.40, \$316.88, \$23.52, and \$78.87, respectively, for a total ineligible amount of \$25,161.63. At the applicant's 90 percent discount rate this resulted in an improper commitment of \$22,645.47. FCC rules provide that funding may be approved only for eligible products and/or services. The USAC web site contains a list of eligible products and/or services. See the web site, [www.sl.universalservice.org](http://www.sl.universalservice.org), Eligible Services List. On the SPAC Form, the authorized person certifies at Item 10 that the service provider has billed its customer for services deemed eligible for support. Therefore, SLD has determined that the service provider is responsible for this rule violation. Accordingly, the commitment has been reduced by \$22,645.47 and if the recovery of improperly disbursed funds is required the SLD will seek recovery from the service provider.

**PLEASE SEND A COPY OF THIS PAGE WITH YOUR  
CHECK TO ENSURE TIMELY PROCESSING**

---

Funding Request Number:	1030669
Contract Number:	RFP 23--015
Services Ordered:	INTERNAL CONNECTIONS
Billing Account Number:	12765--3781
Original Funding Commitment:	\$177,502.58
Commitment Adjustment Amount:	\$30,952.47
Adjusted Funding Commitment:	\$146,550.11
Funds Disbursed to Date:	\$147,939.80
Funds to be Recovered from Service Provider:	\$1,389.69
Funding Commitment Adjustment Explanation:	

After a thorough review, it was determined that the funding commitment for this request must be reduced by \$30,952.47. During the course of review it was determined that funding was provided for the following ineligible items: Emerson CATV Tuner, Training, Install Classroom software and configure, Install Power Strips, Install Emerson CATV Tuner, related shipping for ineligibles and power strips, and related tax for ineligibles and power strips. The pre-discount cost associated with these items is \$1,007.44, \$10,895.52, \$22,010.00, \$59.40, \$316.88, \$23.52, and \$78.87, respectively, for a total ineligible amount of \$34,391.63. At the applicants 90 percent discount rate this resulted in an improper commitment of \$30,952.47. FCC rules provide that funding may be approved only for eligible products and/or services. The USAC web site contains a list of eligible products and/or services. See the web site, [www.sl.universalservice.org](http://www.sl.universalservice.org), Eligible Services List. On the SPAC Form, the authorized person certifies at Item 10 that the service provider has billed its customer for services deemed eligible for support. Therefore, SLD has determined that the service provider is responsible for this rule violation. Accordingly, the commitment has been reduced by \$30,952.47 and if the recovery of improperly disbursed funds is required the SLD will seek recovery from the service provider.

**PLEASE SEND A COPY OF THIS PAGE WITH YOUR  
CHECK TO ENSURE TIMELY PROCESSING**

---

Funding Request Number:	1030699
Contract Number:	RFP 23--015
Services Ordered:	INTERNAL CONNECTIONS
Billing Account Number:	12765--3781
Original Funding Commitment:	\$167,528.86
Commitment Adjustment Amount:	\$29,035.47
Adjusted Funding Commitment:	\$138,493.39
Funds Disbursed to Date:	\$158,587.58
Funds to be Recovered from Service Provider:	\$20,094.19

**Funding Commitment Adjustment Explanation:**

After a thorough review, it was determined that the funding commitment for this request must be reduced by \$29,035.47. During the course of review it was determined that funding was provided for the following ineligible items: Emerson CATV Tuner, Training, Install Classroom software and configure, Install Power Strips, Install Emerson CATV Tuner, related shipping for ineligibles and power strips, and related tax for ineligibles and power strips. The pre-discount cost associated with these items is \$1,007.44, \$10,895.52, \$19,880.00, \$59.40, \$316.88, \$23.52, and \$78.87, respectively, for a total ineligible amount of \$32,261.63. At the applicant's 90 percent discount rate this resulted in an improper commitment of \$29,035.47. FCC rules provide that funding may be approved only for eligible products and/or services. The USAC web site contains a list of eligible products and/or services. See the web site, [www.sl.universalservice.org](http://www.sl.universalservice.org), Eligible Services List. On the SPAC Form, the authorized person certifies at Item 10 that the service provider has billed its customer for services deemed eligible for support. Therefore, SLD has determined that the service provider is responsible for this rule violation. Accordingly, the commitment has been reduced by \$29,035.47 and if the recovery of improperly disbursed funds is required the SLD will seek recovery from the service provider.

**PLEASE SEND A COPY OF THIS PAGE WITH YOUR  
CHECK TO ENSURE TIMELY PROCESSING**





**Universal Service Administrative Company**  
**Schools & Libraries Division**

---

**Notification of Commitment Adjustment Letter**

**Funding Year 2003: 7/01/2003 - 6/30/2004**

October 25, 2005

**LUCY NEAL**  
**LITTLE ROCK SCHOOL DISTRICT**  
**3001 S. Pulaski**  
**Little Rock, AR 72206 1306**

**Re: Form 471 Application Number: 341105**  
**Funding Year: 2003**  
**Applicant's Form Identifier: LRSD--IC--MRS--03--04**  
**Billed Entity Number: 139544**  
**FCC Registration Number: 11861903**  
**SPIN Name: Henkels & McCoy Inc.**  
**Service Provider Contact Person: Al Hussey**

Our routine review of Schools and Libraries Program funding commitments has revealed certain applications where funds were committed in violation of program rules.

In order to be sure that no funds are used in violation of program rules, the Schools Libraries Division (SLD) of the Universal Service Administrative Company (USAC) must now adjust your overall funding commitment. The purpose of this letter is to make the adjustments to your funding commitment required by program rules, and to give you an opportunity to appeal this decision. USAC has determined the applicant is responsible for all or some of the program rule violations. Therefore, the applicant is responsible to repay all or some of the funds disbursed in error (if any).

This is NOT a bill. If recovery of disbursed funds is required, the next step in the recovery process is for SLD to issue you a Demand Payment Letter. The balance of the debt will be due within 30 days of the Demand Payment Letter. Failure to pay the debt within 30 days from the date of the Demand Payment Letter could result in interest, late payment fees, administrative charges and implementation of the "Red Light Rule." Please see the "Informational Notice to All Universal Service Fund Contributors, Beneficiaries, and Service Providers" at [www.universalservice.org/new/2004.asp#083104](http://www.universalservice.org/new/2004.asp#083104) for more information regarding the consequences of not paying the debt in a timely manner.